

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 PM-04 L-03 NSC-05 CIAE-00

DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02

EB-07 COME-00 TRSE-00 SAJ-01 AID-05 XMB-02 OES-03

FEAE-00 NSF-01 DOTE-00 STR-04 CEA-01 CIEP-01 OMB-01

AGR-05 /083 W

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R 121115Z FEB 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6424

AMEMBASSY TEL AVIV

INFO AMEMBASSY CAIRO

AMEMBASSY AMMAN

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SUBJ: WEST GERMAN-ISRAELI ECONOMIC TIES

REF: (A) BONN 11718, JUL 18, 1975; (B) BONN 19703,
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1. SUMMARY: FRG IS GEARING UP FOR FIRST SESSION OF
JOINT WEST GERMAN-ISRAELI COMMISSION IN JUNE, BUT
SEES ONLY LIMITED MARGIN FOR GREATER ECONOMIC
COOPERATION WITH ISRAEL. END SUMMARY.

2. ASSISTANT SECRETARY LAHN OF FONMINISTRY LED FOUR-
MAN TEAM TO ISRAEL FEBRUARY 2-5 TO PREPARE AGENDA FOR
FIRST MEETING OF FRG-GOI MIXED GOVERNMENT COMMISSION,
WHICH WILL MEET UNDER FONMINISTERS GENSCHER AND ALLON
IN BONN IN SECOND HALF OF JUNE. COMMISSION IS
OUTGROWTH OF GENSCHER'S VISIT TO ISRAEL LAST NOVEMBER.

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3. TALKS WITH DESK OFFICERS IN ECONMINISTRY AND FONMINISTRY FEBRUARY 11 INDICATE THAT FRG WOULD LIKE TO EXPAND ITS ECONOMIC TIES WITH ISRAEL BUT THAT, IN SEEKING SPECIFIC AREAS OF COOPERATION, WEST GERMAN INDUSTRY RUNS INTO CERTAIN IMPEDIMENTS: (A) LIMITED SIZE OF ISRAELI MARKET; (B) ISRAEL'S LACK OF RAW MATERIALS; (C) INHIBITIONS POSED BY ARAB EMBARGO; (D) LATENT FEAR OF NEW CONFLICT IN AREA. ADDITIONAL CONSIDERATION IS THAT FRG NOT SO INTIMATELY INVOLVED IN CORPORATE DECISIONS AS IS GOI WITH ISRAELI COMPANIES. GOI SHOWS STRONG DESIRE TO BOOST ECONOMIC TIES VIA GOVERNMENT-TO-GOVERNMENT TALKS, BUT FRG OFFICIALS SUGGEST THAT GOI HAS NOT MADE SUFFICIENT EFFORT TO LURE WEST GERMAN INDUSTRY.

4. GOI HAS AMBITIOUS HOPES FOR COMMISSION AND WANTS TO FORM SEVERAL SUBGROUPS. GOI CONTINUES TO ASK FRG FOR CONCESSIONARY CREDITS AND INCREASE IN CURRENT ANNUAL CAPITAL AID, WHICH PRESENTLY DM 140 MILLION. FRG HAS REPEATEDLY TURNED DOWN SECOND REQUEST, AND IN GENERAL HAS MORE MODEST EXPECTATIONS OF WHAT MIXED COMMISSION CAN PRODUCE. WEST GERMAN INDUSTRY INTERESTED IN EXPLORING ISRAELI KNOW-HOW IN SOLAR ENERGY AND ELECTRIC AUTOMOBILE MOTORS. FEDERATION OF GERMAN INDUSTRY (BDI) WILL SEND DELEGATION TO ISRAEL NEXT MONTH TO EXPLORE OTHER PROSPECTS FOR COOPERATION, WHICH SEEM QUITE LIMITED AT THIS TIME.

5. IN RECENT YEARS, FRG TRADE WITH ISRAEL HAS INCREASED AT STEADY, MODEST RATE. STATISTICS FOR 1974 SHOW VOLUME OF SOME \$650 MILLION, WITH \$317 MILLION SURPLUS FOR FRG. (LARGEST PART OF ISRAELI EXPORTS TO FRG IS CITRUS AND TEXTILES.) GOI WISHES TO CLOSE THAT GAP, BUT FRG OFFICIALS SEE NO REASON TO EXPECT MAJOR CHANGE IN VOLUME OR PATTERN OF THIS TRADE.
CROWLEY

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